

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1512 – HB 1446

March 26, 2014

SUMMARY OF ORIGINAL BILL: Requires any public entity, as defined pursuant to Tenn. Code Ann. § 9-21-151(a)(6), to provide a copy of information regarding the issuance or execution of a finance transaction by or on behalf of the public entity to all members of the governing body of the entity and present the information at the next scheduled meeting of the body, in the event no open meeting of the entity is scheduled within 45 days of the issuance or execution of the transaction. Prohibits local legislative bodies from reducing appropriations for the principal of debt instead of the principal of serial bonds and notes, makes all debt issued by local government subject to the provisions of Tenn. Code Ann. § 9-21-401.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (015203): Requires certain local governments or local government instrumentalities to obtain the approval of the Comptroller of the Treasury before issuing any balloon indebtedness on and after July 1, 2014. Requires the Comptroller of the Treasury to approve or disapprove of the plan of balloon indebtedness submitted by a local government within 15 days of receipt.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – Not Significant

Other Fiscal Impact – If a plan for the issuance of balloon indebtedness by a local government is rejected by the Comptroller of the Treasury, local government could incur a fiscal impact. The exact fiscal impact is indeterminable due to multiple unknown factors.

Assumptions for the bill as amended:

- According to the Comptroller of the Treasury (COT), the provisions of the legislation as amended will not result in an increase in state expenditures for staff or resources.

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- According to COT, there will be a few instances in which a local government needs to issue balloon indebtedness that does not fall under one of the exceptions described in the legislation. COT assumes most local governments will restructure their repayment schedule to comply rather than submit balloon indebtedness proposals.
- It is assumed the required submission of plans by certain local governments to COT prior to issuing any balloon indebtedness will not result in any significant impact to local government.
- However in the event a local government submits a plan for issuance of balloon indebtedness and such plan is rejected by COT, the local government could incur a fiscal impact. The exact fiscal impact to local government is indeterminable due to multiple unknown factors such as, the purpose the local government was seeking to issue balloon indebtedness and how local government expenditures and revenues will be impacted by the inability to complete any project requiring the issuance of balloon indebtedness.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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